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November 12, 1997

HAND DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco
Santa Fe, New Mexico 87505

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Re: *Application of Home-Stake Royalty Corporation/Home-Stake Oil & Gas Company
for an Unorthodox Well Location, Lea County, New Mexico*

Attention: Mr. Michael E. Stogner

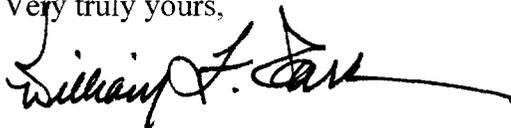
Gentlemen:

By letter dated November 6, 1997, Home-Stake Royalty Corporation (Home-Stake Oil & Gas Company) applied for administrative approval of an unorthodox well location for its proposed Republic Well No. 1-5 to be drilled to the Fusselman formation in Section 5, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico, from a surface location 1650 feet from the North and East lines of said Section 5 and then sidetracked to an unorthodox bottomhole location no closer than 1420 feet to the East line of said Section 5 (100 feet from the East line of the spacing unit).

Texaco Exploration & Production Inc. is the operator of the SE/4 NE/4 of said Section 5 --the direct East offsetting tract. Texaco is a party affected by this application and **objects** to the proposed unorthodox well location. Texaco requests that this application be set for hearing before a Division Examiner on December 4, 1997.

Your attention to this matter is appreciated.

Very truly yours,



WILLIAM F. CARR

Attorney for Texaco Exploration & Production Inc.

cc: Ronald W. Lanning
Texaco Exploration & Production Inc.
Howard E. Gray
Home-Stake Royalty Corporation